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ENVIRONMENTAL CLEANUP

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May 15, 2012

Ms. Rebecca McGraw,
Office Manager
Alaska Dept. of Health & Social Services
Div. of Public Assistance
400 Gambell Street
Anchorage, Alaska 99501

Re: Fourth Avenue Gambell LLC Contaminated Site

Dear Ms. McGraw:

This letter follows our meeting of Monday May 14, 2012 in your office. I represent the Fourth Avenue Gambell LLC which owns the undeveloped property on the northeast corner of Fourth Avenue and Gambell Streets. The State of Alaska uses the property as a parking lot associated with its lease from the building owner of 400 Gambell Street. I write to inform you that the U.S. Environmental Protection Agency seeks access to the parking lot in July for site investigation.

The LLC's property is seriously contaminated due to dry cleaning solvents that were released some fifty years ago associated with a retail establishment on the premises. The Alaska Department of Environmental Conservation (DEC) has assumed lead responsibility for site investigation. The site investigation is on-going and is expected to continue. DEC's contaminated site manager for the property is Mr. Todd Blessing in DEC's Contaminated Sites office in Anchorage. I deal with John Treptow, Esq. of the Alaska Attorney General's Office in Anchorage (269-5274) for purposes of legal representation.

The EPA is conducting a "Preliminary Assessment" to evaluate the LLC's property under federal hazardous substances law. EPA intends to do site work during the week of July 8. The sampling activity will require the parking lot be cleared on at least one day, and the parking rearranged for additional days. I do not have details of EPA's proposed activity but inform your office. The contact person is Brandon Perkins, U.S. EPA Region X, in Seattle, (206) 553-6396. I am copying you on email from Perkins.

A second reason for this letter is to disclose the LLC's frustrations in dealing with the groundlease tenant. In 1987, a one year groundlease was entered between the LLC and the Blomfield Group. The groundlease provided parking for employees of the 400 Gambell

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MS. REBECCA MCGRAW, ALASKA DEPT. PUBLIC HEALTH
Re: Fourth Ave. Gambell LLC Groundlease

Street building which was under lease with the Blomfield Group. The 1987 groundlease with the LLC expired after one year and has been a verbal tenancy ever since.

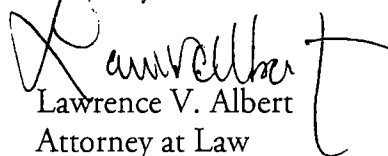
In 1998, the Blomfield Group reorganized its assets so that the entity holding the groundlease is now called Fourth & Gambell LLC. An affiliated entity presumably has title to property on which the 400 Gambell Street building is located and which the state leases. We understand the lease authorizes the state to use the LLC's property as a parking lot.

For the last few years, the LLC has not been able to communicate with the groundlease tenant, the tenant is consistently late paying its rent (\$1,900 per month), the tenant is cumulatively short in rents owed, the tenant has failed to enter into a new proposed lease, and the tenant does not have a publicly accessible office in Anchorage. For these reasons, the LLC is entirely within its rights to terminate the month-to-month tenancy with Fourth & Gambell LLC.

If the LLC were to terminate the groundlease, it would lose the rent as well as preclude the state's use of the property. The LLC is prepared to do so if the state believes it has the prerogative to contract directly with the LLC rather than dealing with its building lessor for its parking needs. Alternatively, the LLC requests the state's assistance in directing its lessor to abide by the groundlease, including prompt payment of rent, responding to the LLC's inquiries and cooperating with environmental site investigation. We realize this is not the state's problem and it may decline to get involved in a dispute outside of its lease.

For the state's information, I am enclosing background correspondence between the LLC and Fourth & Gambell LLC regarding the groundlease. Yvonne Anderson is the Member Manager of the LLC and she has authority to act on its behalf. Please feel free to contact me if there are questions or issues on the above mentioned matters.

Sincerely,


Lawrence V. Albert
Attorney at Law

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cc: Ken Stewart, Alaska Dept. of Administration
John Treptow, Esq., Alaska Dept. of Law
Brandon Perkins, U.S. EPA Region X
Yvonne Anderson, Fourth Ave. Gambell LLC